

Message Text

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ACTION EB-07

INFO OCT-01 AF-08 ARA-10 EUR-12 ISO-00 EA-09 NEA-10 COME-00
AGRE-00 TRSE-00 AID-05 CIAE-00 FRB-01 INR-07 NSAE-00
USIA-15 XMB-04 OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01
OMB-01 /105 W

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FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 9312
INFO AMEMBASSY BOGOTA
AMEMBASSY LONDON
AMEMBASSY SAN SALVADOR
USMISSION OECD PARIS
USMISSION EC BRUSSELS
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO
AMEMBASSY SAN JOSE
AMEMBASSY ABIDJAN

UNCLAS BRASILIA 10554

E.O. 11652: N/A
TAGS: EAGR; EPAP, BR
SUBJ: BRAZILIAN COFFEE PRICES

REF: STATE 302391

1. CURRENT CEILING ON RETAIL PRICE OF GROUND TOASTED COFFEE
IS CR 44/KG. OR U.S. DOLS 1.63/LB. THIS LIMIT, WHICH IS PERIODI-
CALLY ADJUSTED BY GOB, WAS LAST RAISED IN APRIL. RECENTLY,
THE PRESIDENT OF THE BRAZILIAN ROASTERS' ASSOCIATION, MANUEL
LEITE, WAS QUOTED BY THE PRESS AS SAYING THIS PRICE WILL
HAVE TO BE INCREASED IN JANUARY. LEITE CALLED FOR AN INCREASE
RANGING FROM CR 8/KG TO CR 28/KG. MINISTER OF INDUSTRY AND
COMMERCE GOMES AND IBC PRESIDENT CALAZANS HAVE BEEN REPORTED IN
THE PRESS AS HAVING COMMENTED THAT AN INCREASE TO CR 72/KG.
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WOULD NOT BE JUSTIFIED (AT CURRENT EXCHANGE RATE CR 72/KG.
IS EQUIVALENT TO U.S. DOLS 2.67LB.)

2. DOMESTIC ROASTERS IN NORTH AND NORTHEAST NOW RECEIVE
80 PERCENT OF THEIR MONTHLY GREEN COFFEE REQUIREMENTS
FROM IBC STOCKS AT CR 1200/60 KG. BAG (US DOLS .74 LB).

ROASTERS IN SOUTHERN STATES RECEIVE 50 PERCENT OF THEIR REQUIREMENTS AT THIS PRICE. ACCORDING TO PRESS REPORTS, IN DECEMBER AND JANUARY ONLY THESE ROASTERS RECEIVED 60 PERCENT AT THIS PRICE. MARKET PRICE (I.E. THE PRICE PRODUCERS RECEIVE) OF GREEN COFFEE IS CURRENTLY CR 2100-2300/BAG (US DOLS 1.30 - 1.42/LB.).

3. ON DECEMBER 21, IBC RAISED CONTRIBUTION QUOTA TO US DOLS 80 PER BAG OF EXPORTED GREEN COFFEE. US DOLS 8 OF THIS QUOTA IS A PERFORMANCE BOND, WHICH MUST BE DEPOSITED WHEN EXPORT IS REGISTERED AND IS NOT RETURNED IF EXPORT IS CANCELLED. CONTRIBUTION QUOTA FOR SOLUBLE COFFEE IS US DOLS 1.50 PER POUND. MINIMUM EXPORT PRICES ARE: GREEN COFFEE US DOLS 1.90 PER LB., SOLUBLE-SPRAY US DOLS 5 PER LB., SOLUBLE-FREEZE-DRY US DOLS 7.50 PER LB.

4. RESULTS OF IBC REPLANTING PROGRAM (RIO DE JANEIRO 0758) HAVE BEEN MIXED. IN PARANA, WHERE GOAL IS 120 MILLION NEW TREES BY NEXT MAY, ONLY 30-42 MILLION HAD BEEN PLANTED THROUGH SEPTEMBER. SAO PAULO HAS 60 MILLION NEW TREES AND MINAS GERAIS 140 MILLION. THE IBC NATION-WIDE TARGET IS 330 MILLION NEW TREES BY NEXT MAY.

5. EXCHANGE RATE AS OF DECEMBER 21 IS CR12.275/USDOLS 1.00.

6. THIS MESSAGE PREPARED BY CONGEN RIO.
CRIMMINS

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